Small Purchases and Pricing

December 2006

FAR Part 13

- Simplified Acquisition Procedures
- Describes Policies and Procedures for acquisitions that do not exceed the Simplified Acquisition Threshold (SAT) of $100K

SAP vs. SAT

- Definitions
  - SAP - The methods prescribed in Part 13 for making purchases of supplies and services
  - SAT - For us, it means $100,000
    - For contingent operations inside the U.S., it means $250,000
    - $1M for contingent ops outside the U.S.
- In short -
  - SAP is a method
  - SAT is a number

Purpose of SAP

- According to FAR 13.002, the purpose of simplified acquisition procedures is to:
  - Reduce administrative costs;
  - Improve opportunities for small, small disadvantaged, and women-owned small business concerns to obtain a fair proportion of government contracts;
  - Promote efficiency and economy in contracting;

When to Use

- Part 13.003 states that “agencies shall use simplified acquisition procedures to the maximum extent practicable for all purchases of supplies or services not exceeding the simplified acquisition threshold.”
  - Does not not apply if requirements can be met using required sources of supply
  - Do not **split requirements** into several purchases that are less

Differences in Terminology

- Quotes vs. Proposals, bids, or offers
  - Offers are legally binding if accepted
    - Responses to Invitation for Bids (IFBs) are offers called “sealed bids” or “bids”
    - Responses to Request for Proposals (RFPs) are offers called “proposals”
  - Quotes are not legally binding
    - Responses to Requests for Quotes (RFQs) are called “quotes”
      - Quotes are not offers

Differences in Terminology (Cont'd)

- Purchase Order vs. Contract
  - A purchase order is an offer by the government to the supplier to buy certain supplies or services upon specified terms and conditions
  - A contract is established if/when supplier accepts the government offer
    - By performance
      - Unilateral
    - Written acceptance

Set-asides

- Acquisitions for supplies or services that are greater than $3,000 but not over $100,000 (SAT) are reserved exclusively for small business (FAR 13.003(b))
- HUBZone Set-Asides
  - CO may set aside an acquisition under $100,000 for HUBZone (FAR 19.1305(c))
    - Solely at the CO's discretion

Set-asides (Cont'd)

- Dissolving Set-asides
  - When is a DD Form 2579 required?
  - All acquisitions over $10,000
    - This includes Federal Supply Schedule
      - Per HQ AFMC/PK memo dated 16 Sep 1998
  - If under $10,000, simply document the file as to why you are not awarding to an SB

Publicizing and Response Times

- All actions over $25,000 must be publicized
  - Including sole source buys
  - For commercial items over $25,000 but not over $100,000
    - May use FACNET or a combined synopsis/ solicitation (post using PIXS)
      - **FACNET no longer available at W-P**

Publicizing and Response Times (Cont'd)

- For non-commercial items over $25,000 but not over $100,000
  - Synopsize in the GPE (Fedbizops) 15 days before the issuance of the solicitation
  - Must establish a reasonable solicitation response time.

Publicizing and Response Times (Cont'd)

- Actions expected to exceed $10,000 but not over $25,000 (FAR 5.101(a)(2))
  - Display in a public place (including electronic methods) for at least ten days unless oral solicitations or FACNET are used
    - "Old Days" - Bldg 260
    - PIXS
  - **"Posting"**

Publicizing and Response Times (Cont'd)

- Actions expected to exceed $3,000 but not over $10,000
  - Use whatever method is most suitable
- Actions at or below $3,000 (micropurchase)
  - No publicizing or competition is required as long as price is considered reasonable
  - Made using IMPAC (GPC) unless

Soliciting Competition

- Promote competition to the maximum extent practicable
  - If less than $25K, generally consider solicitation of three sources as the maximum extent practicable
- Notify potential quoters of the basis on which the award will be made

Soliciting Competition (Cont'd)

- Best value is encouraged (price and other factors such as past performance, quality, administrative costs)
  - Not required to state the relative importance of each factor (FAR 13.106(a)(2))
- Solicit quotations orally as much as possible
  - Provide quoter with essentially the

Soliciting Competition (Cont'd)

- Sole source justifications (FAR 13.106-3(b)(3)
  - For actions greater than $2,500 but not exceeding $100,000, use four paragraph sole source letter (Air Force Guide SAP)
  - The contracting officer is the final authority for determining the adequacy of any sole source justification

Evaluation (FAR 13.106-2)

- Quotations shall be evaluated on the basis established in the solicitation
  - If best value is used, a formal data base or evaluation plan is not required; evaluation may be based on CO's knowledge and previous experience
  - Document file accordingly

Test Program (Subpart 13.5)

- Authorizes use of SAP for the acquisition of supplies and services - commercial items greater than $100,000 but not exceeding $5.5M
  - SSJs must be prepared IAW FAR 6.303-2, not the short four paragraph version used for purchases under the SAT

Award and Documentation

- Before making award, the CO must determine that the proposed price is fair and reasonable (FAR 13.106-3(a))
  - Competitive quotations are preferred
  - If only one quote is received, file must contain a statement of **price reasonableness**

Award and Documentation (Cont'd)

- Price reasonableness statement may be based on:
  - Market research
  - Comparison of the proposed price with prices found reasonable on previous purchases
  - Current price lists, catalogs or advertisements. However, inclusion of a price in a price list, catalog, or advertisement does not, in an of itself, establish fairness and reasonableness of the price
  - A comparison with similar items in a related industry
  - The contracting officer's personal knowledge of the item being purchased
  - Comparison to a valid independent